

12 KAR 5:070. Uniform standards for payment.

RELATES TO: KRS 260.775-260.845, 260.992

STATUTORY AUTHORITY: KRS 260.825(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 260.825(1) authorizes the Director of the Kentucky Agricultural Experiment Station to promulgate administrative regulations necessary for the effective enforcement of KRS 260.775 to 260.845 regarding milk. This administrative regulation establishes criteria for uniform standards of payment for producer milk.

Section 1. Number of Samples Required for Milk Component Testing for Pay Purposes. (1) Grade A milk producers shall be paid based on calculations of component tests from a minimum of five (5) bulk tank samples representative of and fairly evenly spaced throughout the monthly pay period.

(2) Manufacturing grade milk producers shall be paid based on calculations from a minimum of three (3) bulk tank samples representative of and fairly evenly spaced throughout the fifteen (15) day pay period.

(3) Payment calculations for producers with multiple farm bulk tanks shall be made for each tank separately or shall include a weighted-average computation. A daily weighted average shall be based on a test from a sample representing each farm bulk tank and a recorded weight for each farm bulk tank.

Section 2. Pay Records. (1) Written records shall be recorded legibly in ink by an agent of the handler and include the following information:

(a) Each page shall be signed and dated by a responsible person; and

(b) Changes or corrections to records shall be made by drawing a single line through the entry and writing the corrected entry nearby. Any changes or corrections shall be dated and initialed.

(2) Persons who use electronic systems to create, modify, maintain, or transmit records relating to milk samples, weights, tests, or payments shall employ procedures and controls designed to ensure the authenticity and integrity of the records. Such procedures and controls shall include the following:

(a) The ability to generate accurate and complete copies of records in printed and electronic form which are suitable for inspection, review, and copying by the director;

(b) Protection of records to enable their accurate and ready retrieval throughout the retention period of the records;

(c) Limiting electronic record access only to authorized individuals;

(d) Determination that persons who develop, maintain, or use electronic systems have the training and qualifications to perform assigned tasks; and

(e) The establishment of and adherence to written policies to deter record falsification. The policies shall hold a person responsible for his tasks relating to electronic records.

(3) The consolidated pay records shall be compiled from the sampler-weigher's weight records, valid laboratory test records, and other factors affecting the price. All records relating to payments shall be properly documented and retained for a two (2) year period.

(4) A statement that agrees with the pay record shall be provided to each permitted producer with the final payment for each month. The statement shall include the following:

(a) Dates covered by payment;

(b) Amount of milk paid for;

(c) Detailed pricing description;

(d) Test result(s) and component yield(s) used to calculate payment; and

(e) Any deductions. (AES-CL 13, 21, 22; 1 Ky.R. 1235; eff. 7-2-75; Am. 15 Ky.R. 1125; eff. 11-

23-88; 27 Ky.R. 1859; 2421; eff. 3-19-2001.)